

**Human Resources  
Division  
Benefits Department**

# MEMO

TO: All City Employees

FROM: Al Cava, Director, Human Resources

DATE: November 16, 2020

RE: 2021 Flexible Reimbursement Account Plan Enrollment Material

The City of Stamford, in conformance with various collective bargaining agreements, offers you the opportunity to participate in a benefit option called a Flexible Reimbursement Account Plan.

**PLEASE NOTE: If you are enrolled in the High Deductible Health Plan (HDHP), you are not eligible to enroll in the Health Care Flexible Reimbursement Account. However, you can elect the Limited Purpose Flexible Spending Account for Dental, Vision and Dependent Care only.**

**The Reimbursement Account Plan includes a:**

- Medical Reimbursement Account, and a
- Dependent Care Reimbursement Account

**How The Reimbursement Accounts Work**

A Reimbursement Account allows you to set aside pre-tax dollars in a special account to reimburse yourself for certain health and dependent care expenses. You can set aside up to \$2,750 for the health care account and up to \$5,000 for the dependent care account. Once you decide how much you want to set aside, deductions are taken equally from your paycheck each pay period before income, Social Security (if applicable) and Medicare taxes are taken out.

When you incur an eligible expense, you pay it – just as you do now – and then apply for reimbursement from the appropriate Reimbursement Account.

You can choose to participate in only one of the Reimbursement Accounts, or both.

Reimbursements will be paid to you directly. The result is that you pay for eligible medical and dependent care expenses with tax-free dollars ... and tax-free dollars mean increased buying power. Every dollar you direct to the Reimbursement Account is worth a full dollar of spendable income.

### **Eligible Expenses**

Through a Medical Reimbursement Account you can reimburse yourself for eligible expenses that are not paid by your medical and dental plans, including:

- Dental Care
- Orthodontia
- Eyeglasses/Contact Lenses
- Hearing Care
- Benefit Deductibles
- Other Eligible Medical Expenses
- Some Over the Counter Medication

Through a Dependent Care Reimbursement Account you can reimburse yourself for payments for the following, when the expenses enable you and, if you are married, your spouse to work:

- Legally approved child care centers
- Caregivers for a disabled dependent or spouse who lives with you
- Day care providers
- Babysitters
- Nursery schools
- Household services, provided that these expense are incurred to ensure the well being of a qualifying dependent.

### **OF COURSE THERE'S FINE PRINT**

As you might expect, in exchange for the significant tax advantages you gain from participating in Reimbursement Accounts, the IRS imposes certain restrictions:

- Once you make your election for the year, you may not increase, decrease, or cancel contributions for that year unless you experience a qualified change in family or employment status.
- You may not transfer funds from one account to another to cover unanticipated expenses.
- **IF THERE ARE FUNDS REMAINING IN YOUR REIMBURSEMENT ACCOUNTS AT YEAR END, AND YOU DO NOT MAKE A CLAIM FOR A QUALIFYING REIMBURSEMENT ON OR BEFORE MARCH 31<sup>ST</sup> OF THE NEXT YEAR, THE MONEY IN YOUR ACCOUNT IS FORFEITED IN ACCORDANCE WITH FEDERAL TAX LAWS.**
- Only expenses INCURRED during the calendar year are eligible for reimbursement, even if those expenses were billed at a later time.

**To participate in the program for the Year 2021, you must submit the completed Flexible Reimbursement Account Enrollment Form to us by December 21, 2020.** If you have any questions about this program feel free to call Angie Murphy at x4523 or [amurphy@stamfordct.gov](mailto:amurphy@stamfordct.gov)